



ORDER NUMBER
G-81-24

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Application for Reconsideration of Directive 3(b) of BCUC Order No. G-47-18
Related to the Westbank Substation Upgrade Project

BEFORE:

A. C. Dennier, Panel Chair
M. Jaccard, Commissioner

On March 20, 2024

ORDER

WHEREAS:

- A. On November 21, 2023, British Columbia Hydro and Power Authority (BC Hydro) filed an application (Application) with the British Columbia Utilities Commission (BCUC) relating to Directive 3(b) of the Decision accompanying Order G-47-18 (Directive 3(b)), regarding BC Hydro's Fiscal 2017 to Fiscal 2019 Revenue Requirements Application. In the Application, BC Hydro seeks leave to apply to reconsider Directive 3(b), and an order varying Directive 3(b) to remove the requirement for BC Hydro to obtain a Certificate of Public Convenience and Necessity (CPCN) for the Westbank Substation Upgrade Project;
- B. Directive 3(b) directed BC Hydro, pursuant to section 45(5) of the *Utilities Commission Act*, to file a joint CPCN application for the West Kelowna Transmission Project and the Westbank Substation Upgrade Project;
- C. In the Application, BC Hydro states that its request for reconsideration and variance of Directive 3(b) is on the basis of new information and a material change in circumstances;
- D. By Order G-345-23, dated December 14, 2023, the BCUC approved BC Hydro's request for permission to apply for reconsideration of Directive 3(b) and determined the request for reconsideration should proceed to a hearing. The order also established a regulatory timetable for the review of the Application, which included public notice requirements, one round of BCUC information requests to BC Hydro, letters of comment, and BC Hydro's reply submission; and
- E. The BCUC has reviewed the Application, evidence and letter of comment and makes the following determinations.

NOW THEREFORE pursuant to section 99 of the *Utilities Commission Act*, and for the Decision attached to this order, the BCUC orders that Directive 3(b) is varied to read as follows:

Pursuant to section 45(5) of the UCA, if BC Hydro intends to pursue any of these extensions, the Panel directs BC Hydro to file a CPCN application for the following projects:

...

b. West Kelowna Transmission Project

...

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2024.

BY ORDER

Original signed by:

A. C. Dennier
Commissioner

Attachment

British Columbia Hydro and Power Authority
 Application for Reconsideration of Directive 3(b) of BCUC Order No. G-47-18
 Related to the Westbank Substation Upgrade Project

DECISION

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1.0 Introduction

On November 21, 2023, British Columbia Hydro and Power Authority (BC Hydro) filed an application (Application) with the British Columbia Utilities Commission (BCUC) requesting leave to apply for reconsideration of Directive 3(b) of the Fiscal 2017 to Fiscal 2019 Revenue Requirements Application (RRA) Decision (F2017 to F2019 RRA Decision)¹ related to the Westbank Substation Upgrade Project (Substation Project), and an order varying Directive 3(b). The Application is filed pursuant to section 99 of the *Utilities Commission Act* (UCA).

On December 14, 2023, by Order G-345-23, the BCUC approved BC Hydro's request for permission to apply for reconsideration of Directive 3(b) and established the regulatory timetable for the review of the Application. The regulatory timetable included public notice of the Application, one round of BCUC information requests, letters of comment and BC Hydro's reply. The BCUC received a letter of comment from one party, BC Sustainable Energy Association (BCSEA).²

This decision addresses the Panel's final determinations on BC Hydro's request for reconsideration of Directive 3(b) of the F2017 to F2019 RRA Decision.

2.0 BC Hydro's Reconsideration Request and Grounds for Reconsideration

On March 1, 2018, the BCUC issued Order G-47-18 and the accompanying F2017 to F2019 RRA Decision. In Directive 3(b) of the F2017 to F2019 RRA Decision, the BCUC directed BC Hydro to file a joint CPCN application for the West Kelowna Transmission Project (Transmission Project) and the Substation Project, pursuant to section 45(5) of the UCA, if BC Hydro intended to pursue these projects. In that decision, the BCUC found that both projects are extensions and are sufficiently linked that they could be expediently reviewed in one process.³

In the Application, BC Hydro requests an order varying Directive 3(b) of the F2017 to F2019 RRA Decision so that BC Hydro is only required to file a CPCN application for the Transmission Project and not for the Substation Project.⁴ BC Hydro clarifies it is not seeking an exemption from section 45(5) of the UCA for the Substation Project,⁵ and it will file a CPCN if the Authorized Cost estimate for the Substation Project exceeds the major project threshold in the 2018 Capital Filing Guidelines.⁶

Rule 26.05 of the BCUC's Rules of Practice and Procedure⁷ (BCUC Rules) states that an application for reconsideration of a decision must contain a concise statement of the grounds for reconsideration which must include one or more of the following:

- (b) the BCUC has made an error of fact, law, or jurisdiction which has a material bearing on the decision;
- (c) facts material to the decision that existed prior to the issuance of the decision were not placed in evidence in the original proceeding and could not have been discovered by reasonable diligence at the time of the original proceeding;
- (d) new fact(s) have arisen since the issuance of the decision which have material bearing on the decision;

¹ BC Hydro F2017 to F2019 RRA, BCUC Decision and Order G-47-18 dated March 1, 2018.

² Exhibit D-1.

³ Order G-47-19, pp. 39-40.

⁴ Exhibit B-1, p. 4.

⁵ Exhibit B-3, BCUC IR 1.2.4.

⁶ Ibid., BCUC IR 1.2.4.1.

⁷ [BCUC Rules of Practice and Procedure attached to the BCUC Order G-72-23 dated April 3, 2023.](#)

- (e) a change in circumstances material to the decision has occurred since the issuance of the decision; or
- (f) where there is otherwise just cause.

BC Hydro states that its grounds for reconsideration of Directive 3(b) are that new facts have arisen and a change in material circumstances has occurred since the issuance of the F2017 to F2019 RRA Decision, and that there is just cause to reconsider Directive 3(b). BC Hydro explains that new information and a change in circumstance with respect to project scope, development timelines, drivers and public interest considerations support its position that it is not feasible to file a joint CPCN application for the two projects together.⁸ BC Hydro states that the Transmission Project and Substation Project are progressing at different paces and the schedules are no longer aligned.⁹ Additionally, BC Hydro notes that the Substation Project is no longer dependent on the selected Transmission Project alternative¹⁰ and no longer raises public interest considerations that warrant a review through a CPCN process.¹¹

In this decision, we discuss first whether the Substation Project and Transmission Project are linked, and then discuss whether the Substation Project warrants review through a CPCN process.

2.1 Is there a Link Between the Substation Project and the Transmission Project?

2.1.1 Project Timelines

BC Hydro states that since the F2017 to F2019 RRA proceeding, both projects have progressed further in their project lifecycle and better information is available on the timelines for the projects.¹² At the time of the F2017 to F2019 RRA Decision, BC Hydro anticipated both projects would have similar in-service dates,¹³ but the Transmission Project schedule has since been delayed.¹⁴ BC Hydro states that the requirement to file a joint CPCN application for the Substation Project and Transmission Project would delay the start of construction and in-service date of the Substation Project by approximately two years,¹⁵ and would negatively impact BC Hydro's ability to connect new customers, meet customer load requirements and improve system resiliency.¹⁶ BC Hydro provides the following table of project schedule target milestones for the Transmission Project and the Substation Project under different scenarios.¹⁷

⁸ Exhibit B-1, p. 12.

⁹ Exhibit B-3, BCUC IR 1.1.2.1.

¹⁰ Exhibit B-1, p. 12.

¹¹ Ibid., p. 25.

¹² Ibid., p. 15.

¹³ Exhibit B-3, BCUC IR 1.1.2.

¹⁴ Exhibit B-1, p. 3.

¹⁵ Ibid., p. 16.

¹⁶ Ibid., p. 6.

¹⁷ Exhibit B-3, BCUC IR 1.1.10.

Table 1: Transmission Project and Substation Project Target Milestones

	Substation Project			Transmission Project
Component	Target Milestone			
A	B	C	D	E
	With CPCN (separate from Transmission Project)	With Joint CPCN (joint with Transmission Project)	Without CPCN	
Identification Phase Complete	December 2023	December 2023	December 2023	September 2025*
Preliminary Design Stage Complete	April 2025	April 2025	April 2025	August 2026
CPCN Application Submitted	May 2025	September 2026	n/a	September 2026
Definition Phase Complete/ Implementation Start Date	August 2026	December 2027	June 2025	December 2027
Project In-service Date	September 2028	January 2030	July 2027	November 2030
Project Completion	September 2029	January 2031	July 2028	November 2031

* Completion of the Identification Phase is contingent on completing work with FortisBC to enable selection of a leading alternative. The in-service date is dependent on the leading alternative selected.

BC Hydro explains that the Transmission Project schedule delay is due to the need to return to the conceptual design stage to re-evaluate alternatives.¹⁸ BC Hydro states that it originally selected the building of a new transmission line as the leading alternative for the Transmission Project in 2016, but, as of late 2022, the expected cost of the Transmission Project had more than doubled.¹⁹ As a result, BC Hydro states that it was prudent to return to the conceptual design stage to re-evaluate the alternatives and consider any potential new alternatives available.²⁰

BC Hydro explains that the Substation Project cannot be delayed due to an unusually high rate of growth in both customer load and number of customers.²¹ BC Hydro states that the Westbank substation distribution feeders are at capacity, and the growth in customers is driving the demand for new distribution feeders.²² BC Hydro

¹⁸ Exhibit B-3, BCUC IR 1.1.2.1.

¹⁹ Ibid., BCUC IR 1.1.6.

²⁰ Ibid., BCUC IR 1.1.6.

²¹ Exhibit B-1, p. 18.

²² Ibid., p. 19.

previously expected the customer growth rate would be relatively stable at 2.1 percent per year,²³ but over the last five years a growth rate of 2.8 percent was observed.²⁴ BC Hydro provides the following figure of the Westbank substation temperature-normalized summer load growth forecast for high load scenarios, with incremental demand side management savings, depicting the change in load growth projection:²⁵

Figure 1: Summer High Forecast



Based on the 2022 load forecast, BC Hydro states that significant capacity constraints are expected at Westbank Substation by 2028,²⁶ at which time the need for load shedding will become likely.²⁷

2.1.2 Project Scopes

BC Hydro states that at the time of the F2017 to F2019 RRA proceeding, when both projects were in the early Needs stage of the Identification phase of the project development lifecycle,²⁸ the project scope for the Substation Project was dependent on the alternative selected for the Transmission Project.²⁹ Since that time, BC Hydro determined that upgrading the existing substation is the only viable alternative and therefore is no longer dependent on the selected Transmission Project alternative.³⁰ Additionally, BC Hydro has removed the installation of equipment for the new transmission line connection point from the Substation Project,³¹ and included it in the Transmission Project scope.³² BC Hydro explains that the need for, and design of, a new transmission connection point is dependent on whether the selected Transmission Project alternative involves the construction of a new transmission line.³³ BC Hydro states that the entire scope of the Substation Project is necessary and can be undertaken even if the Transmission Project never occurs.³⁴

²³ Exhibit B-3, BCUC IR 1.3.7.

²⁴ Exhibit B-1, p. 18.

²⁵ Exhibit B-3, BCUC IR 1.3.7.

²⁶ Ibid., BCUC IR 1.1.10.1.

²⁷ Exhibit B-3, BCUC IR 1.3.3.

²⁸ Exhibit B-1, p. 9.

²⁹ Ibid., p. 8.

³⁰ Ibid., p. 12.

³¹ Exhibit B-1, p. 12.

³² Exhibit B-3, BCUC IR 1.1.2.1.

³³ Ibid., BCUC IR 1.1.1.1.

³⁴ Ibid., BCUC IR 1.1.5.

2.2 Does the Substation Project Warrant a CPCN Process?

BC Hydro states that the Substation Project does not independently exceed the major project threshold of \$100 million and no longer raises public interest considerations that warrant the review of the Substation Project through a CPCN process.³⁵

BC Hydro states that the Substation Project's Feasibility Design Class 4 cost estimate is \$72.4 million (+50 percent/-15percent).³⁶ BC Hydro explains that it anticipates the Authorized Cost estimate to be completed in April 2025, upon completion of the Preliminary Design stage,³⁷ and that it is not expected to exceed the \$100 million major project threshold established in the 2018 Capital Filing Guidelines.³⁸ As previously discussed, BC Hydro notes that it is not seeking an exemption from the major project threshold, pursuant to section 45(5) of the UCA, and will file a CPCN for the Substation Project if its Authorized Cost exceeds the major project threshold.³⁹

With respect to public interest considerations, BC Hydro states that the Substation Project is expected to have minimal incremental adverse impacts on Aboriginal rights or title, low archaeological impacts with appropriate mitigation and minimal environmental impacts.⁴⁰ BC Hydro notes that the Westbank Substation is an active industrial site, and that the Crown land under consideration for site expansion is highly disturbed with low ecological viability.⁴¹

2.3 Overall Determinations

Positions of Parties

BCSEA supports approval of BC Hydro's request for reconsideration of Directive 3(b) of the F2017 to F2019 RRA Decision on the basis of new information and a material change in circumstances. BCSEA submits that the Substation Project is no longer linked to the Transmission Project. Further, BCSEA notes that the timing and need for the completion of the Substation Project require a project start date sooner than could be achieved if BC Hydro had to delay an application until the Transmission Project is ready for a CPCN application. BCSEA also submits that the Substation Project does not meet the major project threshold under BC Hydro's Capital Filing Guidelines and agrees with BC Hydro that the project no longer raises public interest considerations that would warrant a CPCN review.⁴²

Panel Determination

The Panel finds that the Application has established, on its face, reasonable grounds that support reconsideration of Directive 3(b) of the F2017 to F2019 RRA Decision pursuant to Rule 26.05 (d) to (f).

The Panel is persuaded that BC Hydro has progressed the development of the Substation Project and the Transmission Project since the evidentiary record closed for the F2017 to F2019 RRA proceeding. At that time, the projects were in the early Identification Phase, and through further development in the last six years, BC

³⁵ Exhibit B-3, p. 25.

³⁶ Exhibit B-3, BCUC IR 1.6.1.

³⁷ Ibid., BCUC IR 1.6.2.

³⁸ Ibid., BCUC IR 1.1.9.

³⁹ Ibid., BCUC IR 1.2.4.

⁴⁰ Exhibit B-1, p. 26; Exhibit B-3, BCUC IR 1.7.1.

⁴¹ Exhibit B-3, BCUC IR 1.7.1.

⁴² Exhibit D-1, p. 1.

Hydro has arrived at differing project installation timelines and project scopes than originally envisioned, thus supporting BC Hydro's reconsideration request.

Having found that the Application has established reasonable grounds that support reconsideration, the merits of BC Hydro's request to vary Directive 3 (b) so that BC Hydro is not required to file a CPCN application for the Substation Project are discussed in the following paragraphs.

Directive 3(b) of the F2017 to F2019 RRA Decision directed BC Hydro, pursuant to section 45(5) of the UCA, to file a joint CPCN application for the Transmission Project and the Substation Project, if BC Hydro intended to pursue these projects. In that decision, the BCUC found that both projects are extensions and are sufficiently linked that they could be expediently reviewed in one process. BC Hydro has confirmed that both projects are extensions and BC Hydro is not seeking an exemption from section 45(5) of the UCA for the Substation Project or the Transmission Project. BC Hydro confirmed that it would file a CPCN should the Authorized Cost for each project exceed the major project threshold under the Capital Filing Guidelines. This left the Panel to review the links between the two projects to assess if a joint CPCN application for the Transmission Project and Substation Project is still warranted.

The Panel acknowledges that BC Hydro does not yet have a preferred alternative for the Transmission Project, and therefore, the scope interface between the Substation Project and Transmission Project is currently undefined. BC Hydro has not demonstrated that the projects are not linked, but instead has moved the scope of work to modify the Westbank Substation for a new transmission line connection point to the Transmission Project. Moving the potential modification to the Westbank Substation to accommodate the not-yet selected preferred alternative to the Transmission Project allows BC Hydro to complete the Substation Project first while the Transmission Project is still being developed. The Panel notes that the original efficiencies in cost and schedule, that could have been achieved if both projects were proceeding concurrently as directed in 2018, have likely been lost.

Although directed to file a joint CPCN to the BCUC for the expedient review of the projects under one process, the Panel is persuaded by BC Hydro's evidence that the projects' forecast dates for implementation have diverged significantly. BC Hydro shows the Implementation Phase of the Substation Project to be approximately one-and-a-half to two-and-a-half years earlier than the Transmission Project should a joint CPCN not be required. The Panel acknowledges that the Substation Project is needed to accommodate the growth in both customer load and number of customers and avoid capacity constraints at Westbank Substation. The Panel concludes that a one-and-a-half-year delay in the Substation Project is not warranted, even if it results in losses of potential design, installation, and review efficiencies. For this reason, and as supported by BCSEA, requiring the filing of the Substation Project CPCN together with the Transmission Project CPCN is no longer justified.

The Substation Project is in the Feasibility Design stage and needs to be developed to the Preliminary Design Stage when the Authorized Cost Estimate is prepared to be evaluated against BC Hydro's Capital Filing Guidelines, for a determination to be made with respect to the requirement to file a CPCN. The Panel disagrees with BCSEA that the Substation Project does not meet the major project threshold under BC Hydro's Capital Filing Guidelines as an Authorized Cost Estimate has not been developed. The Panel notes that BC Hydro will need to file a CPCN for the Substation Project if it meets the requirements set out in BC Hydro's Capital Filing Guidelines. The Panel cannot presently make a public interest determination on the Substation Project due to the Project's early design phase, as further design development may impact the public interest, Aboriginal rights or title, archaeological impacts, and environmental impacts.

The Panel notes that the Substation Project and Transmission Project are two important extension projects to accommodate growth in the West Kelowna area. These projects were listed in the F2017-F2019 RRA and have not yet materially progressed from the Identification Phase in the six years since the BCUC directed both

projects to be filed in a joint CPCN, if BC Hydro intended to pursue these projects. The Panel notes that the underlying needs and associated capacity constraint risks have only worsened over the past six years and encourages BC Hydro to advance these projects more expeditiously.

The Panel approves BC Hydro's request to vary Directive 3(b) to remove the requirement for BC Hydro to obtain a CPCN for the Substation Upgrade Project. Accordingly, the Panel varies Directive 3(b) to read as follows:

Pursuant to section 45(5) of the UCA, if BC Hydro intends to pursue any of these extensions, the Panel directs BC Hydro to file a CPCN application for the following projects:

...

b. West Kelowna Transmission Project

...

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2024.

Original signed by:

A. C. Dennier
Panel Chair / Commissioner

Original signed by:

M. Jaccard
Commissioner